

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FOUNTAIN RUN WATER)	
DISTRICT #1 FOR A RATE ADJUSTMENT)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING)	93-018
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On March 24, 1993, Fountain Run Water District #1 ("Fountain Run") filed an application for Commission approval of a proposed increase in its rates for water. Fountain Run proposed rates for water service which would generate additional annual revenues of \$15,271, an increase of 25 percent.

In April 1993, the Commission Staff conducted a field review of Fountain Run's test-period financial records. Based upon this review, Commission Staff issued a report on May 25, 1993 recommending a 36 percent increase of \$21,905 in Fountain Run's annual operating revenues for water service.

By Order dated May 25, 1993, the Commission advised Fountain Run that comments on the Staff Report or requests for a public hearing must be submitted no later than April 9, 1993 or this case would stand submitted to the Commission for decision. Fountain Run accepted Staff's recommendations by letter dated June 2, 1993.

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this

proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, which is attached hereto and incorporated herein, are the fair, just, and reasonable rates for Fountain Run and will produce gross annual revenues of \$82,884 for water service based on adjusted test year sales. These rates will allow Fountain Run sufficient revenues to meet its operating expenses and provide for future equity growth, including provisions for servicing its debt.

3. The rates proposed by Fountain Run would produce inadequate revenues and should be denied.

IT IS THEREFORE ORDERED that:

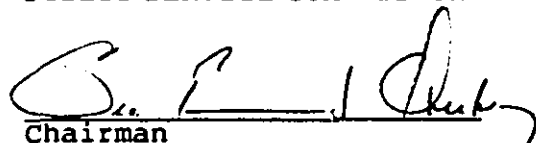
1. The rates proposed by Fountain Run in its application are hereby denied.

2. The rates in Appendix A are approved for service rendered by Fountain Run on and after the date of this Order.

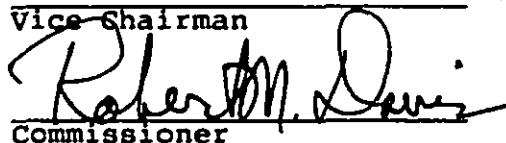
3. Within 30 days of the date of this Order, Fountain Run shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 12th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 93-018 DATED July 13, 1993.

The following rates and charges are prescribed for the customers in the area served by Fountain Run Water District No. 1. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates: Monthly

First 2,000 gallons	\$10.40 Minimum Bill
Next 3,000 gallons	3.00 per 1,000 gallons
Next 5,000 gallons	2.40 per 1,000 gallons
Next 10,000 gallons	2.00 per 1,000 gallons
Over 20,000 gallons	1.75 per 1,000 gallons